

RESILIENCE REVOLVING LOAN FUND ACT OF 2019

SEPTEMBER 4, 2020.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DEFAZIO, from the Committee on Transportation and Infrastructure, submitted the following

R E P O R T

[To accompany H.R. 3779]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 3779) to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to allow the Administrator of the Federal Emergency Management Agency to provide capitalization grants to eligible entities to establish revolving funds to provide assistance to reduce disaster risks, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Resilience Revolving Loan Fund Act of 2019”.

SEC. 2. GRANTS TO ENTITIES FOR ESTABLISHMENT OF HAZARD MITIGATION REVOLVING LOAN FUNDS.

Title II of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5131 et seq.) is amended by adding at the end the following:

“SEC. 205 GRANTS TO ENTITIES FOR ESTABLISHMENT OF HAZARD MITIGATION REVOLVING LOAN FUNDS.

“(a) GENERAL AUTHORITY.—

“(1) IN GENERAL.—The Administrator may enter into agreements with eligible entities to make capitalization grants to such entities for the establishment of hazard mitigation revolving loan funds (referred to in this section as ‘entity loan funds’) for providing funding assistance to local governments to carry out eligible projects under this section to reduce disaster risks for homeowners, businesses, nonprofit organizations, and communities in order to decrease—

“(A) the loss of life and property;

“(B) the cost of insurance claims; and

“(C) Federal disaster payments.

“(2) AGREEMENTS.—Any agreement entered into under this section shall require the participating entity to—

“(A) comply with the requirements of this section; and

“(B) use accounting, audit, and fiscal procedures conforming to generally accepted accounting standards.

“(b) APPLICATION.—

“(1) IN GENERAL.—To be eligible to receive a capitalization grant under this section, an eligible entity shall submit to the Administrator an application that includes the following:

“(A) Project proposals comprised of local government hazard mitigation projects, on the condition that the entity provides public notice not less than 6 weeks prior to the submission of an application.

“(B) An assessment of recurring major disaster vulnerabilities impacting the entity that demonstrates an escalating risk to life and property.

“(C) A description of how the hazard mitigation plan of the entity has or has not taken the vulnerabilities described in paragraph (2) into account.

“(D) A description about how the projects described in paragraph (1) could conform with the hazard mitigation plans of the entity and local governments.

“(E) A proposal of the systematic and regional approach to achieve resilience in a vulnerable area, including impacts to river basins, river corridors, watersheds, estuaries, bays, coastal regions, micro-basins, micro-watersheds, ecosystems, and areas at risk of earthquakes, tsunamis, droughts, and wildfires, including the wildland-urban interface.

“(2) TECHNICAL ASSISTANCE.—The Administrator shall provide technical assistance to eligible entities for applications under this section.

“(c) ENTITY LOAN FUND.—

“(1) ESTABLISHMENT OF FUND.—An entity that receives a capitalization grant under this section shall establish an entity loan fund that complies with the requirements of this subsection.

“(2) FUND MANAGEMENT.—Except as provided in paragraph (3), an entity loan fund shall be administered by the agency responsible for emergency management for such entity and shall include only—

“(A) funds provided by a capitalization grant under this section;

“(B) repayments of loans under this section to the entity loan fund; and

“(C) interest earned on amounts in the entity loan fund.

“(3) ADMINISTRATION.—A participating entity may combine the financial administration of the entity loan fund of such entity with the financial administration of any other revolving fund established by such entity if the Administrator determines that—

“(A) the capitalization grant, entity share, repayments of loans, and interest earned on amounts in the entity loan fund are accounted for separately from other amounts in the revolving fund; and

“(B) the authority to establish assistance priorities and carry out oversight activities remains in the control of the agency responsible for emergency management for the entity.

“(4) ENTITY SHARE OF FUNDS.—On or before the date on which a participating entity receives a capitalization grant under this section, the entity shall deposit into the entity loan fund of such entity, an amount equal to not less than 10 percent of the amount of the capitalization grant.

“(d) APPORTIONMENT.—

“(1) IN GENERAL.—Except as otherwise provided by this subsection, the Administrator shall apportion funds made available to carry out this section to entities that have entered into an agreement under subsection (a)(2) in amounts as determined by the Administrator.

“(2) RESERVATION OF FUNDS.—The Administrator shall reserve not more than 2.5 percent of the amount made available to carry out this section for—

“(A) administrative costs incurred in carrying out this section; and

“(B) providing technical assistance to participating entities under subsection (b)(2).

“(3) PRIORITY.—In the apportionment of capitalization grants under this subsection, the Administrator shall give priority to entity applications under subsection (b) that—

“(A) propose projects increasing resilience and reducing risk of harm to natural and built infrastructure;

“(B) involve a partnership between 2 or more eligible entities to carry out a project or similar projects;

“(C) take into account regional impacts of hazards on river basins, river corridors, micro-watersheds, macro-watersheds, estuaries, bays, coastal regions, and areas vulnerable to earthquake, drought, tsunamis and wildfire, including the wildland-urban interface; or

“(D) propose projects for the resilience of major economic sectors or critical national infrastructure, including ports, global commodity supply chain assets (located within an entity or within the jurisdiction of local governments and tribal governments), capacity, power and water production and distribution centers, and bridges and waterways essential to interstate commerce.

“(e) USE OF FUNDS.—

“(1) TYPES OF ASSISTANCE.—Amounts deposited in an entity loan fund, including loan repayments and interest earned on such amounts, may be used—

“(A) to make loans, on the condition that—

“(i) such loans are made at an interest rate of not more than 1.5 percent;

“(ii) annual principal and interest payments will commence not later than 1 year after completion of any project and all loans will be fully amortized—

“(I) not later than 20 years after the date on which the project is completed; or

“(II) for projects in a low-income geographic area, not later than 30 years after the date on which the projects is completed and not longer than the expected design life of the project;

“(iii) the local government receiving a loan establishes a dedicated source of revenue for repayment of the loan;

“(iv) the local government receiving a loan has a hazard mitigation plan that has been approved by the participating entity; and

“(v) the entity loan fund will be credited with all payments of principal and interest on all loans;

“(B) for mitigation planning, not to exceed 10 percent of the capitalization grants made to the participating entity in a fiscal year;

“(C) for the reasonable costs of administering the fund and conducting activities under this section, except that such amounts shall not exceed \$100,000 per year, 2 percent of the capitalization grants made to the participating entity in a fiscal year, or 1 percent of the value of the entity loan fund, whichever amount is greatest, plus the amount of any fees collected by the entity for such purpose regardless of the source; and

“(D) to earn interest on the entity loan fund.

“(2) PROHIBITION ON DETERMINATION THAT LOAN IS A DUPLICATION.—In carrying out this section, Administrator may not determine that a loan is a duplication of assistance or a duplication of programs.

“(3) PROJECTS AND ACTIVITIES ELIGIBLE FOR ASSISTANCE.—Except as provided in this subsection, a participating entity may use funds in the entity loan fund to provide financial assistance for projects or activities that mitigate the impacts of hazards, including—

“(A) drought and prolonged episodes of intense heat;

“(B) severe storms, including tornados, wind storms, cyclones, and severe winter storms;

“(C) wildfires;

“(D) earthquakes;

“(E) flooding, including the construction, repair, or replacement of a non-Federal levee or other flood control structure, provided the Administrator, in consultation with the Corps of Engineers (if appropriate), requires an eligible entity to determine that such levee or structure is designed, constructed, and maintained in accordance with sound engineering practices and standards equivalent to the purpose for which such levee or structure is intended;

“(F) storm surges;

“(G) chemical spills that present an imminent threat to life and property;

“(H) seepage resulting from chemical spills and flooding; and

“(I) any catastrophic event that the entity determines appropriate.

“(4) ZONING AND LAND USE PLANNING CHANGES.—A participating entity may use not more than 10 percent of the entity loan fund in a fiscal year to provide financial assistance for zoning and land use planning changes focused on—

“(A) the development and improvement of zoning and land use codes that incentivize and encourage low-impact development, resilient wildland-urban interface land management and development, natural infrastructure, green stormwater management, conservation areas adjacent to floodplains, implementation of watershed or greenway master plans, and reconnection of floodplains;

“(B) the study and creation of land use incentives that reward developers for greater reliance on low impact development stormwater best management practices, exchange density increases for increased open space and improvement of neighborhood catch basins to mitigate urban flooding, reward developers for including and augmenting natural infrastructure adjacent to and around building projects without reliance on increased sprawl, and reward developers for addressing wildfire ignition; and

“(C) the study and creation of an erosion response plan that accommodates river, lake, forest, plains, and ocean shoreline retreating or bluff stabilization due to increased flooding and disaster impacts.

“(5) ADMINISTRATIVE AND TECHNICAL COSTS.—For each fiscal year, a participating entity may use the amount described in paragraph (1)(C) to—

“(A) pay the reasonable costs of administering the programs under this section, including the cost of establishing an entity loan fund;

“(B) provide technical assistance to recipients of financial assistance from the entity loan fund, on the condition that such technical assistance does not exceed 5 percent of the capitalization grant made to such entity.

“(6) LIMITATION FOR SINGLE PROJECTS.—A participating entity may not provide an amount equal to or more than \$5,000,000 to a single hazard mitigation project.

“(f) INTENDED USE PLANS.—

“(1) IN GENERAL.—After providing for public comment and review, and consultation with appropriate agencies in an entity, Federal agencies, and interest groups, each participating entity shall annually prepare and submit to the Administrator a plan identifying the intended uses of the entity loan fund.

“(2) CONTENTS OF PLAN.—An entity intended use plan prepared under paragraph (1) shall include—

“(A) the integration of entity planning efforts, including entity hazard mitigation plans and other programs and initiatives relating to mitigation of major disasters carried out by such entity;

“(B) an explanation of the mitigation and resiliency benefits the entity intends to achieve by—

“(i) reducing future damage and loss associated with hazards;

“(ii) reducing the number of severe repetitive loss structures and repetitive loss structures in the entity;

“(iii) decreasing the number of insurance claims in the entity from injuries resulting from major disasters or other hazards; and

“(iv) increasing the rating under the community rating system under section 1315(b) of the Housing and Urban Development Act of 1968 (42 U.S.C. 4022(b)) for communities in the entity;

“(C) information on the availability of, and application process for, financial assistance from the entity loan fund of such entity;

“(D) the criteria and methods established for the distribution of funds;

“(E) the amount of financial assistance that the entity anticipates apportioning;

“(F) the expected terms of the assistance provided from the entity loan fund; and

“(G) a description of the financial status of the entity loan fund, including short-term and long-term goals for the fund.

- “(g) AUDITS, REPORTS, PUBLICATIONS, AND OVERSIGHT.—
- “(1) BIENNIAL ENTITY AUDIT AND REPORT.—Beginning not later than the last day of the second fiscal year after the receipt of payments under this section, and biennially thereafter, any participating entity shall—
- “(A) conduct an audit of such fund established under subsection (b); and
- “(B) provide to the Administrator a report including—
- “(i) the result of any such audit; and
- “(ii) a review of the effectiveness of the entity loan fund of the entity with respect to meeting the goals and intended benefits described in the intended use plan submitted by the entity under subsection (e).
- “(2) PUBLICATION.—A participating entity shall publish and periodically update information about all projects receiving funding from the entity loan fund of such entity, including—
- “(A) the location of the project;
- “(B) the type and amount of assistance provided from the entity loan fund;
- “(C) the expected funding schedule; and
- “(D) the anticipated date of completion of the project.
- “(3) OVERSIGHT.—
- “(A) IN GENERAL.—The Administrator shall, at least every 4 years, conduct reviews and audits as may be determined necessary or appropriate by the Administrator to carry out the objectives of this section and determine the effectiveness of the fund in reducing hazard risk.
- “(B) GAO REQUIREMENTS.—The entity shall conduct audits under paragraph (1) in accordance with the auditing procedures of the Government Accountability Office, including chapter 75 of title 31.
- “(C) RECOMMENDATIONS BY ADMINISTRATOR.—The Administrator may at any time make recommendations for or require specific changes to an entity’s loan fund in order to improve the effectiveness of the fund.
- “(h) REGULATIONS OR GUIDANCE.—The Administrator shall issue such regulations or guidance as are necessary to—
- “(1) ensure that each participating entity uses funds as efficiently as possible; and
- “(2) reduce waste, fraud, and abuse to the maximum extent possible.
- “(i) WAIVER AUTHORITY.—Until such time as the Administrator issues regulations to implement this section, the Administrator may—
- “(1) waive notice and comment rulemaking, if the Administrator determines the waiver is necessary to expeditiously implement this section; and
- “(2) provide capitalization grants under this section as a pilot program.
- “(j) DEFINITIONS.—In this section, the following definitions apply:
- “(1) ELIGIBLE ENTITY.—The term ‘eligible entity’ means a State or an Indian tribal government (as such terms are defined in section 102 of this Act (42 U.S.C. 5122)).
- “(2) HAZARD MITIGATION PLAN.—The term ‘hazard mitigation plan’ means a mitigation plan submitted under section 322 and approved by the Administrator.
- “(3) LOW-INCOME GEOGRAPHIC AREA.—The term ‘low-income geographic area’ means an area described in paragraph (1) or (2) of section 301(a) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161(a)).
- “(4) PARTICIPATING ENTITY.—The term ‘participating entity’ means an eligible entity that has entered into an agreement under this section.
- “(5) REPETITIVE LOSS STRUCTURE.—The term ‘repetitive loss structure’ has the meaning given the term in section 1370 of the National Flood Insurance Act (42 U.S.C. 4121).
- “(6) SEVERE REPETITIVE LOSS STRUCTURE.—The term ‘severe repetitive loss structure’ has the meaning given the term in section 1366(h) of the National Flood Insurance Act (42 U.S.C. 4104c(h)).
- “(7) WILDLAND-URBAN INTERFACE.—The term ‘wildland-urban interface’ has the meaning given the term in section 101 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6511).
- “(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated \$100,000,000 for each of fiscal years 2020 and 2021.”.

PURPOSE OF LEGISLATION

The purpose of H.R. 3779, as amended, is to establish a state revolving loan fund program to facilitate funding of mitigation projects that reduce the risks and costs of natural disasters.

BACKGROUND AND NEED FOR LEGISLATION

Sources of Federal funding for proactive, predisaster mitigation are highly competitive and limited due to the significant volume of identified and necessary hazard mitigation projects across the Nation.

Under the *Robert T. Stafford Disaster Relief and Emergency Assistance Act* (*Stafford Act*, Pub.L. 93–288, as amended), options for mitigation assistance include the Pre-Disaster Mitigation (PDM)¹ program and the Hazard Mitigation Grant Program (HMGP).² With the *Sandy Recovery Improvement Act* (Division B of Pub.L. 113–2), the Committee provided flexibility in using Federal Emergency Management Agency’s (FEMA) Public Assistance program to rebuild following a disaster,³ there is only a single FEMA pre-disaster mitigation program providing communities with resources to fund projects before disaster strikes in order to prevent or lessen damage from a future hazard event.

While the *Disaster Recovery Reform Act of 2018* (Division D of Pub.L. 115–254) provides a more consistent source of funds for FEMA’s PDM program and allows for additional projects to receive Federal assistance, the outstanding need for pre-disaster mitigation projects still surpasses projected funding.

Strengthening mitigation practices is critical to reducing the future costs of disasters for the taxpayer; studies have shown for every \$1 spent in mitigation, between \$4 and \$8 is saved in avoided disaster recovery costs.⁴ Providing additional solutions for communities to mitigate against disasters will reduce costs and save lives.

Examining the use and application of revolving loan funds suggests such funds may provide communities with additional flexibility to fund mitigation projects while replenishing the initial funding through repayments. For example, Congress has authorized and appropriated dollars for similar state revolving funds for projects that have resulted in a significant increase in the capacity and capabilities of water infrastructure in communities across the Nation.

Investment in mitigation projects and activities has a significant and measurable return on investment in reducing recovery costs following hazard events. To reduce the rising costs associated with disaster response and recovery, additional Federal funding streams dedicated to pre-disaster mitigation are necessary.

H.R. 3779, as amended, would amend the *Stafford Act* by authorizing capitalization grants and establishing a state-managed revolving loan fund program to allow states to offer low-interest loans to eligible local entities for mitigation projects, with the repayment of the loans providing capital for subsequent projects. Participating entities would be provided additional flexibilities in the nature and types of eligible projects to further mitigate the impacts of natural disasters such as earthquakes, flooding, and wildfires, as well as

¹ Stafford Act, Sec. 203.

² Stafford Act, Sec. 404.

³ Stafford Act, Sec. 428.

⁴ See Congressional Budget Office, “Potential Cost Savings from the Pre-Disaster Mitigation Program,” September 2007; University of Pennsylvania, Wharton School Risk Center, “Economic Effectiveness of Implementing a Statewide Building Code: The Case of Florida,” May 2016; National Institute of Building Sciences (NIBS), “Natural Hazard Mitigation Saves: 2017 Interim Report Summary of Findings,” available at https://www.nibs.org/page/ms2_download.

non-natural events like chemical spills. For example, existing FEMA hazard mitigation programs restrict Public Assistance mitigation funds if projects may accrue to the benefit of homeowners and businesses. This can create challenges, particularly in rural areas with lower populations and large amounts of farmland. The revolving loan fund is specifically intended to reduce risks for homeowners, businesses, nonprofit organizations, and communities. H.R. 3779, as amended, also explicitly ensures eligibility for non-Federal levees and other flood control measures.

HEARINGS

For the purposes of section 103(i) of H. Res. 6 of the 116th Congress the following hearings were used to develop or consider H.R. 3779, as amended:

On February 26, 2019, the Committee on Transportation and Infrastructure held a hearing entitled, “Examining How Federal Infrastructure Policy Could Help Mitigate and Adapt to Climate Change.” The Committee received testimony from Dr. Daniel Sperling, Board Member, California Air Resources Board; Mr. Ben Prochazka, Vice President, Electrification Coalition; Ms. Vicki Arroyo, Executive Director, Georgetown Climate Center; Mr. James M. Proctor, II, Senior Vice President and General Counsel, McWane, Inc., *testifying on behalf of the Build Strong Coalition*; Mr. Kevin DeGood, Director, Infrastructure Policy, Center for American Progress; Ms. Lynn Scarlett, Vice President, Policy and Government Affairs, The Nature Conservancy; and Dr. Whitley J. Saumweber, Director, Stephenson Ocean Security (SOS) Project, Center for Strategic and International Studies. Topics discussed included impacts of severe weather events and rising costs of federal response and recovery operations.

On May 22, 2019, the Subcommittee on Economic Development, Public Buildings, and Emergency Management held a hearing titled “Disaster Preparedness: DRRRA Implementation and FEMA Readiness.” The Subcommittee received testimony from Dr. Daniel Kaniewski, Deputy Administrator for Resilience, Federal Emergency Management Agency, U.S. Department of Homeland Security; Ms. Sima Merick, Executive Director, Ohio Emergency Management Agency, *testifying on behalf of the National Emergency Management Association*; Mr. Nicholas L. Crossley, Director, Emergency Management and Homeland Security Agency, Hamilton County, Ohio, *testifying on behalf of the International Association of Emergency Managers*; Hon. James Gore, Supervisor, 4th District, Sonoma County, California, *testifying on behalf of the National Association of Counties*; Ms. Pamela S. Williams, Executive Director, BuildStrong Coalition; Mr. Alphonse Davis, Deputy Director, Engineering Extension Service, Texas A&M, *testifying on behalf of the National Domestic Preparedness Consortium*; and Mr. Randy Noel, President, Reve, Inc., *testifying on behalf of the National Association of Home Builders*. Topics discussed included the state of federal disaster preparedness programs since the enactment of the Disaster Recovery Reform Act of 2018, the status of federal disaster recovery assistance funding appropriated in the wake of major disaster declarations granted by the President from 2017–2019, and the increasing frequency of extreme weather-related hazards.

LEGISLATIVE HISTORY AND CONSIDERATION

H.R. 3779 was introduced in the House on July 16, 2019, by Ms. Craig and referred to the Committee on Transportation and Infrastructure. Within the Committee, H.R. 3779 was referred to the Subcommittee on Economic Development, Public Buildings, and Emergency Management.

The Chair discharged the Subcommittee on Economic Development, Public Buildings, and Emergency Management from further consideration of H.R. 3779 on September 19, 2019.

The Committee met in open session to consider H.R. 3779 on September 19, 2019, and ordered the measure to be reported to the House with a favorable recommendation, as amended, by voice vote, a quorum being present.

The following amendments were offered:

An Amendment in the Nature of a Substitute offered by Ms. Craig (#1); was AGREED TO, as amended, by voice vote.

An amendment to the Amendment in the Nature of a Substitute offered by Mr. Rodney Davis of Illinois (#1A) was AGREED TO by voice vote.

Page 11, strike lines 17 through 24 (and redesignate accordingly).

Page 17, strike lines 11 through 14 (and redesignate accordingly).;

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires each committee report to include the total number of votes cast for and against on each record vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against.

There were no recorded votes taken in connection with consideration of H.R. 3779.

COMMITTEE OVERSIGHT FINDINGS

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the enclosed cost estimate for H.R. 3779, as amended, from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, February 19, 2020.

Hon. PETER A. DEFAZIO,
*Chairman, Committee on Transportation and Infrastructure,
House, of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3779, the Resilience Revolving Loan Fund Act of 2019.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jon Sperl.

Sincerely,

MARK P. HADLEY
(For Phillip L. Swagel, Director).

Enclosure.

At a Glance			
H.R. 3779, Resilience Revolving Loan Fund Act of 2019			
As ordered reported by the House Committee on Transportation and Infrastructure on September 19, 2019			
By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	0	0	0
Revenues	*	-10	-30
Increase or Decrease (-) in the Deficit	*	10	30
Spending Subject to Appropriation (Outlays)	1	214	214
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between -\$500,000 and zero.			

The bill would

- Authorize the appropriation of \$200 million for the Federal Emergency Management Agency to make grants to capitalize new revolving funds administered by states, from which state agencies would make low-interest loans to local governments, communities, homeowners, and owners of other property to finance projects that would mitigate damage from future disasters

Estimated budgetary effects would primarily stem from

- Spending of the authorized and necessary amounts
- Revenue loss from issuing additional tax exempt bonds

Bill summary: H.R. 3779 would authorize the appropriation of \$100 million in each of 2020 and 2021 for the Federal Emergency Management Agency (FEMA) to make grants to capitalize new revolving funds administered by states. From those revolving funds, state agencies would make low-interest loans to local governments, communities, homeowners, and owners of other property to finance projects that would mitigate damage from future disasters.

Estimated Federal cost: The estimated budgetary effect of H.R. 3779 is shown in Table 1. The costs of the legislation fall within budget function 450 (community and regional development).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 3779

	By fiscal year, millions of dollars—						
	2020	2021	2022	2023	2024	2025	2020–2025
Increases in Spending Subject to Appropriation							
Grants for Hazard Mitigation:							
Authorization	100	100	0	0	0	0	200
Estimated Outlays	*	7	37	78	78	0	200
Additional Administrative Costs:							
Estimated Authorization	1	1	2	5	5	0	14
Estimated Outlays	1	1	2	5	5	0	14
Total Changes:							
Estimated Authorization	101	101	2	5	5	0	214
Estimated Outlays	1	8	39	83	83	0	214
Decreases in Revenues							
Estimated Revenues ^a	0	0	–1	–2	–3	–4	–10

* = between \$500,000 and zero.

^a Estimate provided by the staff of the Joint Committee on Taxation.

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted in 2020. Estimated outlays are based on historical spending patterns for similar programs.

Spending subject to appropriation: CBO estimates that implementing H.R. 3779 would cost \$214 million over the 2020–2025 period, assuming appropriation of the authorized and necessary amounts.

State Revolving Funds for Disaster Mitigation. H.R. 3779 would authorize the appropriation of \$100 million annually in 2020 and 2021 for FEMA to make grants to states to capitalize new revolving funds; CBO estimates that those amounts would be spent over the 2020–2025 period. To receive assistance under the bill, states would need to contribute 10 percent of the amount of a federal grant to its revolving fund.

To implement the bill, CBO expects that FEMA would need about 18 months to hire new employees, establish the required auditing and reporting processes, issue program regulations, and review grant applications from states.

CBO expects that FEMA would gradually increase the number of grants it would make through 2024. Estimated outlays are based on historical spending patterns for similar state revolving fund programs administered by other federal agencies. CBO expects that states would use most of their revolving funds to assist local governments with infrastructure projects, such as projects that control flooding. The bill also would allow recipients to use small portions of assistance to develop zoning and land use plans and to enforce updated building codes.

Administrative Costs. H.R. 3779 would authorize FEMA to use up to 2.5 percent of amounts authorized by the bill, or a total of \$5 million, to pay administrative costs. However, based on information from FEMA, CBO estimates that the agency would need additional amounts each year over the 2020–2024 period to fully implement the program; CBO estimates the additional amounts required for

administrative costs would increase over the next five years as FEMA provides more grants. In total, CBO estimates that FEMA would need an additional \$14 million over the 2020–2025 period. Those amounts would cover the cost of employing 10 new staff members, contract support, technical assistance to states, and other operating costs.

Revenues: The staff of the Joint Committee on Taxation (JCT) expects that states would use a portion of the capitalization grants to leverage additional funds by issuing tax-exempt bonds. JCT estimates that, as a result, H.R. 3779 would reduce federal revenues by \$30 million over the 2020–2030 period.

Pay-As-You-Go Considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in Table 2.

TABLE 2.—CBO’S ESTIMATE OF THE STATUTORY PAY-AS-YOU-GO EFFECTS OF H.R. 3779, RESILIENCE REVOLVING LOAN FUND ACT OF 2019, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE ON SEPTEMBER 19, 2019

	By fiscal year, millions of dollars—													
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2020–2025	2020–2030	
	Net Increase in the Deficit													
Pay-As-You Go Effect	0	0	1	2	3	4	4	4	4	4	4	10	30	

Increase in long-term deficits: CBO estimates that enacting H.R. 3779 would not increase deficits by more than \$5 billion in any of the consecutive 10-year periods beginning in 2031.

Mandates: None.

Estimate prepared by: Federal costs: Jon Sperl; Mandates: Rachel Austin; Revenues: The staff of the Joint Committee on Taxation.

Estimate reviewed by: Kim P. Cawley, Chief, Natural and Physical Resources Cost Estimates Unit; H. Samuel Papenfuss, Deputy Director of Budget Analysis.

PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goal and objective of this legislation is to increase resiliency by providing States with the resources to proactively mitigate the impacts of future disasters.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee finds that no provision of H.R. 3779, as amended, establishes or reauthorizes a program of the federal government known to be duplicative of another federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

In compliance with clause 9 of rule XXI of the Rules of the House of Representatives, this bill, as reported, contains no congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of the rule XXI.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (Public Law 104–4).

PREEMPTION CLARIFICATION

Section 423 of the Congressional Budget Act of 1974 requires the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt state, local, or tribal law. The Committee finds that H.R. 3779, as amended, does not preempt any state, local, or tribal law.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104–1).

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION, AS AMENDED

Section 1. Short title

This section states that the bill may be cited as the “Resilience Revolving Loan Fund Act of 2019.”

Sec. 2. Grants to entities for establishment of hazard mitigation revolving loan funds

This section authorizes the FEMA Administrator to enter into agreements with State and tribal governments to make capitalization grants for the establishment of hazard mitigation revolving loan funds to reduce disaster risk to decrease the loss of life and property, the cost of insurance claims, and Federal disaster payments.

Priority is given to project applications aimed at increasing resilience and reducing risk of harm to natural and built infrastructure, partnership projects, and projects for the resilience of major economic sectors or critical national infrastructure.

Eligible entities would be required to put down 10 percent of the capitalization grant upon disbursement of the loan. The Administrator may not reserve more than 2.5 percent of funds available for

administrative costs, technical assistance, and grants to insular areas.

The new capitalization grants are authorized to be appropriated at \$100,000,000 per fiscal year for the period of two years.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

**ROBERT T. STAFFORD DISASTER RELIEF AND
EMERGENCY ASSISTANCE ACT**

* * * * *

**TITLE II—DISASTER PREPAREDNESS
AND MITIGATION ASSISTANCE**

* * * * *

SEC. 205 GRANTS TO ENTITIES FOR ESTABLISHMENT OF HAZARD MITIGATION REVOLVING LOAN FUNDS.

(a) *GENERAL AUTHORITY.*—

(1) *IN GENERAL.*—*The Administrator may enter into agreements with eligible entities to make capitalization grants to such entities for the establishment of hazard mitigation revolving loan funds (referred to in this section as “entity loan funds”) for providing funding assistance to local governments to carry out eligible projects under this section to reduce disaster risks for homeowners, businesses, nonprofit organizations, and communities in order to decrease—*

- (A) the loss of life and property;*
- (B) the cost of insurance claims; and*
- (C) Federal disaster payments.*

(2) *AGREEMENTS.*—*Any agreement entered into under this section shall require the participating entity to—*

- (A) comply with the requirements of this section; and*
- (B) use accounting, audit, and fiscal procedures conforming to generally accepted accounting standards.*

(b) *APPLICATION.*—

(1) *IN GENERAL.*—*To be eligible to receive a capitalization grant under this section, an eligible entity shall submit to the Administrator an application that includes the following:*

- (A) Project proposals comprised of local government hazard mitigation projects, on the condition that the entity provides public notice not less than 6 weeks prior to the submission of an application.*
- (B) An assessment of recurring major disaster vulnerabilities impacting the entity that demonstrates an escalating risk to life and property.*
- (C) A description of how the hazard mitigation plan of the entity has or has not taken the vulnerabilities described in paragraph (2) into account.*

(D) A description about how the projects described in paragraph (1) could conform with the hazard mitigation plans of the entity and local governments.

(E) A proposal of the systematic and regional approach to achieve resilience in a vulnerable area, including impacts to river basins, river corridors, watersheds, estuaries, bays, coastal regions, micro-basins, micro-watersheds, ecosystems, and areas at risk of earthquakes, tsunamis, droughts, and wildfires, including the wildland-urban interface.

(2) TECHNICAL ASSISTANCE.—The Administrator shall provide technical assistance to eligible entities for applications under this section.

(c) ENTITY LOAN FUND.—

(1) ESTABLISHMENT OF FUND.—An entity that receives a capitalization grant under this section shall establish an entity loan fund that complies with the requirements of this subsection.

(2) FUND MANAGEMENT.—Except as provided in paragraph (3), an entity loan fund shall be administered by the agency responsible for emergency management for such entity and shall include only—

(A) funds provided by a capitalization grant under this section;

(B) repayments of loans under this section to the entity loan fund; and

(C) interest earned on amounts in the entity loan fund.

(3) ADMINISTRATION.—A participating entity may combine the financial administration of the entity loan fund of such entity with the financial administration of any other revolving fund established by such entity if the Administrator determines that—

(A) the capitalization grant, entity share, repayments of loans, and interest earned on amounts in the entity loan fund are accounted for separately from other amounts in the revolving fund; and

(B) the authority to establish assistance priorities and carry out oversight activities remains in the control of the agency responsible for emergency management for the entity.

(4) ENTITY SHARE OF FUNDS.—On or before the date on which a participating entity receives a capitalization grant under this section, the entity shall deposit into the entity loan fund of such entity, an amount equal to not less than 10 percent of the amount of the capitalization grant.

(d) APPORTIONMENT.—

(1) IN GENERAL.—Except as otherwise provided by this subsection, the Administrator shall apportion funds made available to carry out this section to entities that have entered into an agreement under subsection (a)(2) in amounts as determined by the Administrator.

(2) RESERVATION OF FUNDS.—The Administrator shall reserve not more than 2.5 percent of the amount made available to carry out this section for—

(A) administrative costs incurred in carrying out this section; and

(B) providing technical assistance to participating entities under subsection (b)(2).

(3) *PRIORITY.*—In the apportionment of capitalization grants under this subsection, the Administrator shall give priority to entity applications under subsection (b) that—

(A) propose projects increasing resilience and reducing risk of harm to natural and built infrastructure;

(B) involve a partnership between 2 or more eligible entities to carry out a project or similar projects;

(C) take into account regional impacts of hazards on river basins, river corridors, micro-watersheds, macro-watersheds, estuaries, bays, coastal regions, and areas vulnerable to earthquake, drought, tsunamis and wildfire, including the wildland-urban interface; or

(D) propose projects for the resilience of major economic sectors or critical national infrastructure, including ports, global commodity supply chain assets (located within an entity or within the jurisdiction of local governments and tribal governments), capacity, power and water production and distribution centers, and bridges and waterways essential to interstate commerce.

(e) *USE OF FUNDS.*—

(1) *TYPES OF ASSISTANCE.*—Amounts deposited in an entity loan fund, including loan repayments and interest earned on such amounts, may be used—

(A) to make loans, on the condition that—

(i) such loans are made at an interest rate of not more than 1.5 percent;

(ii) annual principal and interest payments will commence not later than 1 year after completion of any project and all loans will be fully amortized—

(I) not later than 20 years after the date on which the project is completed; or

(II) for projects in a low-income geographic area, not later than 30 years after the date on which the projects is completed and not longer than the expected design life of the project;

(iii) the local government receiving a loan establishes a dedicated source of revenue for repayment of the loan;

(iv) the local government receiving a loan has a hazard mitigation plan that has been approved by the participating entity; and

(v) the entity loan fund will be credited with all payments of principal and interest on all loans;

(B) for mitigation planning, not to exceed 10 percent of the capitalization grants made to the participating entity in a fiscal year;

(C) for the reasonable costs of administering the fund and conducting activities under this section, except that such amounts shall not exceed \$100,000 per year, 2 percent of the capitalization grants made to the participating entity in a fiscal year, or 1 percent of the value of the entity loan

fund, whichever amount is greatest, plus the amount of any fees collected by the entity for such purpose regardless of the source; and

(D) to earn interest on the entity loan fund.

(2) PROHIBITION ON DETERMINATION THAT LOAN IS A DUPLICATION.—In carrying out this section, Administrator may not determine that a loan is a duplication of assistance or a duplication of programs.

(3) PROJECTS AND ACTIVITIES ELIGIBLE FOR ASSISTANCE.—Except as provided in this subsection, a participating entity may use funds in the entity loan fund to provide financial assistance for projects or activities that mitigate the impacts of hazards, including—

(A) drought and prolonged episodes of intense heat;

(B) severe storms, including tornados, wind storms, cyclones, and severe winter storms;

(C) wildfires;

(D) earthquakes;

(E) flooding, including the construction, repair, or replacement of a non-Federal levee or other flood control structure, provided the Administrator, in consultation with the Corps of Engineers (if appropriate), requires an eligible entity to determine that such levee or structure is designed, constructed, and maintained in accordance with sound engineering practices and standards equivalent to the purpose for which such levee or structure is intended;

(F) storm surges;

(G) chemical spills that present an imminent threat to life and property;

(H) seepage resulting from chemical spills and flooding; and

(I) any catastrophic event that the entity determines appropriate.

(4) ZONING AND LAND USE PLANNING CHANGES.—A participating entity may use not more than 10 percent of the entity loan fund in a fiscal year to provide financial assistance for zoning and land use planning changes focused on—

(A) the development and improvement of zoning and land use codes that incentivize and encourage low-impact development, resilient wildland-urban interface land management and development, natural infrastructure, green stormwater management, conservation areas adjacent to floodplains, implementation of watershed or greenway master plans, and reconnection of floodplains;

(B) the study and creation of land use incentives that reward developers for greater reliance on low impact development stormwater best management practices, exchange density increases for increased open space and improvement of neighborhood catch basins to mitigate urban flooding, reward developers for including and augmenting natural infrastructure adjacent to and around building projects without reliance on increased sprawl, and reward developers for addressing wildfire ignition; and

(C) the study and creation of an erosion response plan that accommodates river, lake, forest, plains, and ocean

shoreline retreating or bluff stabilization due to increased flooding and disaster impacts.

(5) *ADMINISTRATIVE AND TECHNICAL COSTS.*—For each fiscal year, a participating entity may use the amount described in paragraph (1)(C) to—

(A) *pay the reasonable costs of administering the programs under this section, including the cost of establishing an entity loan fund;*

(B) *provide technical assistance to recipients of financial assistance from the entity loan fund, on the condition that such technical assistance does not exceed 5 percent of the capitalization grant made to such entity.*

(6) *LIMITATION FOR SINGLE PROJECTS.*—A participating entity may not provide an amount equal to or more than \$5,000,000 to a single hazard mitigation project.

(f) *INTENDED USE PLANS.*—

(1) *IN GENERAL.*—After providing for public comment and review, and consultation with appropriate agencies in an entity, Federal agencies, and interest groups, each participating entity shall annually prepare and submit to the Administrator a plan identifying the intended uses of the entity loan fund.

(2) *CONTENTS OF PLAN.*—An entity intended use plan prepared under paragraph (1) shall include—

(A) *the integration of entity planning efforts, including entity hazard mitigation plans and other programs and initiatives relating to mitigation of major disasters carried out by such entity;*

(B) *an explanation of the mitigation and resiliency benefits the entity intends to achieve by—*

(i) *reducing future damage and loss associated with hazards;*

(ii) *reducing the number of severe repetitive loss structures and repetitive loss structures in the entity;*

(iii) *decreasing the number of insurance claims in the entity from injuries resulting from major disasters or other hazards; and*

(iv) *increasing the rating under the community rating system under section 1315(b) of the Housing and Urban Development Act of 1968 (42 U.S.C. 4022(b)) for communities in the entity;*

(C) *information on the availability of, and application process for, financial assistance from the entity loan fund of such entity;*

(D) *the criteria and methods established for the distribution of funds;*

(E) *the amount of financial assistance that the entity anticipates apportioning;*

(F) *the expected terms of the assistance provided from the entity loan fund; and*

(G) *a description of the financial status of the entity loan fund, including short-term and long-term goals for the fund.*

(g) *AUDITS, REPORTS, PUBLICATIONS, AND OVERSIGHT.*—

(1) *BIENNIAL ENTITY AUDIT AND REPORT.*—Beginning not later than the last day of the second fiscal year after the receipt of

payments under this section, and biennially thereafter, any participating entity shall—

- (A) conduct an audit of such fund established under subsection (b); and
- (B) provide to the Administrator a report including—
 - (i) the result of any such audit; and
 - (ii) a review of the effectiveness of the entity loan fund of the entity with respect to meeting the goals and intended benefits described in the intended use plan submitted by the entity under subsection (e).
- (2) PUBLICATION.—A participating entity shall publish and periodically update information about all projects receiving funding from the entity loan fund of such entity, including—
 - (A) the location of the project;
 - (B) the type and amount of assistance provided from the entity loan fund;
 - (C) the expected funding schedule; and
 - (D) the anticipated date of completion of the project.
- (3) OVERSIGHT.—
 - (A) IN GENERAL.—The Administrator shall, at least every 4 years, conduct reviews and audits as may be determined necessary or appropriate by the Administrator to carry out the objectives of this section and determine the effectiveness of the fund in reducing hazard risk.
 - (B) GAO REQUIREMENTS.—The entity shall conduct audits under paragraph (1) in accordance with the auditing procedures of the Government Accountability Office, including chapter 75 of title 31.
 - (C) RECOMMENDATIONS BY ADMINISTRATOR.—The Administrator may at any time make recommendations for or require specific changes to an entity's loan fund in order to improve the effectiveness of the fund.
- (h) REGULATIONS OR GUIDANCE.—The Administrator shall issue such regulations or guidance as are necessary to—
 - (1) ensure that each participating entity uses funds as efficiently as possible; and
 - (2) reduce waste, fraud, and abuse to the maximum extent possible.
- (i) WAIVER AUTHORITY.—Until such time as the Administrator issues regulations to implement this section, the Administrator may—
 - (1) waive notice and comment rulemaking, if the Administrator determines the waiver is necessary to expeditiously implement this section; and
 - (2) provide capitalization grants under this section as a pilot program.
- (j) DEFINITIONS.—In this section, the following definitions apply:
 - (1) ELIGIBLE ENTITY.—The term “eligible entity” means a State or an Indian tribal government (as such terms are defined in section 102 of this Act (42 U.S.C. 5122)).
 - (2) HAZARD MITIGATION PLAN.—The term “hazard mitigation plan” means a mitigation plan submitted under section 322 and approved by the Administrator.
 - (3) LOW-INCOME GEOGRAPHIC AREA.—The term “low-income geographic area” means an area described in paragraph (1) or

(2) of section 301(a) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161(a)).

(4) PARTICIPATING ENTITY.—The term “participating entity” means an eligible entity that has entered into an agreement under this section.

(5) REPETITIVE LOSS STRUCTURE.—The term “repetitive loss structure” has the meaning given the term in section 1370 of the National Flood Insurance Act (42 U.S.C. 4121).

(6) SEVERE REPETITIVE LOSS STRUCTURE.—The term “severe repetitive loss structure” has the meaning given the term in section 1366(h) of the National Flood Insurance Act (42 U.S.C. 4104c(h)).

(7) WILDLAND-URBAN INTERFACE.—The term “wildland-urban interface” has the meaning given the term in section 101 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6511).

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated \$100,000,000 for each of fiscal years 2020 and 2021.

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